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National Dairy Products Corporation

NEW YORK

ANNUAL REPORT

1932

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National Dairy Products Corporation

120 BROADWAY
NEW YORK

DIRECTORS

F. J. Andre
Charles R. Bowman
Henry N. Brawner, Jr.
Henry W. Breyer, Jr.
Frederick J. Bridges
N. J. Dessert
Alfred A. DuBan
C. Wesley Ebling
Joseph Gilfillan
Robert S. Gordon
B. S. Halsey
J. M. Harding
Vernon F. Hovey
Jos. L. Jones
J. L. Kraft
Harold M. Lehman
B. M. Lide, Jr.
William F. Luick
E. J. Mather
Thos. H. McInnerney
Joseph Potts
Edward E. Rieck
Wilbur S. Scott
A. A. Stickler
C. Henderson Supplee
Horace S. Tuthill
L. A. Van Bomel
Sidney J. Weinberg
H. B. Wilkerson
Frank A. Wills
Henry N. Woolman

EXECUTIVE COMMITTEE

Thos. H. McInnerney
Vernon F. Hovey
Wilbur S. Scott
C. Henderson Supplee
L. A. Van Bomel

OFFICERS

President	Thos. H. McInnerney
Vice-President	Frederick J. Bridges
Vice-President	Vernon F. Hovey
Vice-President	Wilbur S. Scott
Vice-President	C. Henderson Supplee
Vice-President	L. A. Van Bomel
Treasurer	A. A. Stickler
Secretary	Ford Hibbard
Asst. Secretary	G. W. McGhee
Comptroller	Thos. K. Carnes
Asst. Treasurer	A. Boag, Jr.
Sales Manager	E. J. Finneran

TRANSFER AGENT

Bankers Trust Company
New York, N. Y.

REGISTRAR

The Chase National Bank
of the City of New York
New York, N. Y.

Counsel	Sullivan & Cromwell
Auditors	Price, Waterhouse & Co.
Executive Offices	*120 Broadway, New York, N. Y.*

National Dairy Products Corporation

New York, N. Y., March 17, 1933.

To the Stockholders:

There is submitted herewith the annual report of National Dairy Products Corporation for the year ending December 31, 1932, as certified by Messrs. Price, Waterhouse & Co. There has been no change in your Corporation's established procedure in bookkeeping and accounting and the figures contained herein are accordingly comparable with last year's annual report.

The net profits for the year, after interest and all State and Federal taxes, amounted to $12,537,380.36 and, after allowing for payment of preferred dividends, were equivalent to $1.88 per share on the 6,263,155 shares of common stock outstanding at the end of the year as compared with $3.47 per share for the previous year. The interest requirements of the outstanding 5¼% Gold Debentures due 1948 were earned over four and one-half times.

Our policy of writing off depreciation and of maintaining at all times our properties in excellent physical condition has been continued, charges during the year in respect to repairs, maintenance and depreciation aggregating $19,403,849.38. In view of the expenditures of past years for capital additions the amount necessary to be spent for that purpose left a margin from the Reserve for Depreciation of an amount sufficient to take care of the Sinking Fund requirements on our Debentures so that the acquisition of Debentures for that purpose did not diminish our working capital.

Dairy products price levels during the past year followed the general downward trend of other commodity prices. It was necessary because of agricultural conditions to absorb a considerable portion of this decline. To offset this, your management found it necessary to effect increased economies including general wage reductions in which every officer and every employee participated.

The attached balance sheet reflects your Corporation's strong current position at December 31, 1932. Particular attention is called to the cash item of $25,427,742.18 which amount is after deducting $3,315,605.75 for dividends paid on January 3, 1933, and to the ratio of $3.42 of current assets for every $1.00 of current liabilities; the cash alone exceeds one and one-half times the total current liabilities.

Our list of stockholders continues to show a steady increase, now numbering in excess of 65,000.

The Board of Directors and officers desire to take this opportunity to thank the employees and executives of the subsidiaries of your Corporation in charge of operations, whose efforts in a difficult year have contributed so substantially to the excellent results attained by your Corporation for the year 1932.

By order of the Board of Directors,

Thos. H. McInnerney
President

National Dairy Pr

AND SUBSIDIA

CONSOLIDATED BALANCE SHEET

Assets

Current and Working Assets:

Cash in banks and on hand		$ 25,427,742.18	
Marketable securities at cost, less reserve for market depreciation		99,878.75	
Notes receivable	$ 2,152,150.74		
Accounts receivable	16,875,412.01		
	$19,027,562.75		
Less—Reserve for doubtful notes and accounts	2,645,589.09	16,381,973.66	
Inventories at cost or market, whichever is lower		11,267,263.25	
Miscellaneous supplies		2,599,071.33	
Cash surrender value of life insurance		277,588.00	
			$ 56,053,517.17

Investments and Advances:

Company's common stock—8,917 shares at cost		$ 206,370.75	
Investments in partly owned companies and miscellaneous securities		2,495,925.10	
Advances		1,563,363.13	
Loans to employees, less reserve		2,155,117.21	
			6,420,776.19

Capital Assets:

Land, buildings, machinery and equipment on basis of cost or sound values as appraised with additions at cost		$176,836,724.75	
Less—Reserves for depreciation		53,149,750.34	
			123,686,974.41

Deferred Charges:

Prepaid taxes, insurance, interest, etc		$ 918,173.05	
Sundry expenses		300,337.93	
			1,218,510.98
Goodwill Purchased			22,391,853.64
			$209,771,632.39

TO THE STOCKHOLDERS OF
NATIONAL DAIRY PRODUCTS CORPORATION.

We have made an examination of the books and accounts of National Dairy Products Corporation and i
consolidated balance sheet and the relative statements of profit and loss and surplus fairly set forth the comp

56 Pine Street,
New York,
March 10, 1933

ducts Corporation

RY COMPANIES

DECEMBER 31, 1932

Liabilities

Current Liabilities:			
Accounts payable including sundry accruals		$ 14,630,132.70	
Reserve for Federal income tax		1,743,019.54	
			$ 16,373,152.24
Reserves for Contingencies			933,098.15
National Dairy Products Corporation 5¼% Gold Debentures due 1948:			
Issued		$ 82,040,500.00	
Less—Retired	$7,584,000.00		
Held in treasury	1,029,000.00	8,613,000.00	
			73,427,500.00
Subsidiary Companies' Funded and Mortgage Debt:			
Southern Dairies, Inc. and its subsidiaries:			
Collateral trust 7% gold bonds due 1934		$ 858,000.00	
Other subsidiary companies:			
Real estate mortgages, secured serial notes and other indebtedness		240,359.35	
			1,098,359.35
Minority Stockholders' Interest in Capital and Surplus of Subsidiary Companies:			
Southern Dairies, Inc. and its subsidiaries:			
Preferred stock	$ 718,000.00		
Common stocks	761,156.96	$ 1,479,156.96	
Other subsidiary companies:			
Preferred stock	$ 546,694.84		
Common stocks	143,623.50	690,318.34	
			2,169,475.30
Capital Stock and Capital Surplus:			
Preferred stock Class A 7% cumulative:			
Authorized—69,244 shares of $100 each			
Issued less retired—58,789 shares		$ 5,878,900.00	
Preferred stock Class B 7% cumulative:			
Authorized—50,000 shares of $100 each			
Issued less retired—46,370 shares		4,637,000.00	
Common stock and capital surplus:			
Common stock—			
Authorized—10,000,000 shares without par value			
Issued—6,263,155 shares at stated value		51,331,630.00	
Capital surplus, per statement attached		14,852,338.57	
			76,699,868.57
Earned Surplus, per statement attached			39,070,178.78
			$209,771,632.39

s subsidiary companies for the year ending December 31, 1932, and we report that, in our opinion, the above
ny's financial position at December 31, 1932, and the results of the operations for the year.

PRICE, WATERHOUSE & Co.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Year Ending December 31, 1932

Profit from operations after deducting all operating charges including depreciation $9,728,959.25 and repairs and maintenance $9,674,890.13		$16,355,500.22
Other income:		
Discount on redemption of funded debt	$ 318,996.25	
Purchase discounts, etc	469,309.93	
Dividends and interest received	529,783.35	
Rents and royalties	254,936.55	
Miscellaneous other income	434,933.93	
		2,007,960.01
		$18,363,460.23
Deduct:		
Interest other than on funded debt of National Dairy Products Corporation	$ 146,404.63	
Dividends on preferred stocks of subsidiary companies held by the public	186,536.68	
Interest on funded debt of National Dairy Products Corporation	3,902,189.11	
		4,235,130.42
Profit before provision for Federal income tax		$14,128,329.81
Provision for Federal income tax		1,590,949.45
Net profit for the year		$12,537,380.36

Note: The net profit, after deducting dividends of $749,682.58 on parent company's preferred stocks, was equivalent to $1.88 per share on 6,263,155 shares common stock outstanding.

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS

For the Year Ending December 31, 1932

Earned surplus at December 31, 1931, per published report for that year		$42,667,241.70
Add—Net profit for 1932, per statement attached		12,537,380.36
		$55,204,622.06
Deduct—Reserve for employees' loans		1,000,000.00
		$54,204,622.06
Deduct—Dividends paid:		
On preferred stocks at $7.00 per share	$ 749,682.58	
On common stock:		
April 1, 1932—65¢ per share	$4,065,625.20	
July 1, 1932—65¢ per share	4,065,048.00	
October 1, 1932—50¢ per share	3,127,036.00	
January 3, 1933—50¢ per share	3,127,051.50	
	14,384,760.70	
		15,134,443.28
Earned surplus at December 31, 1932, per balance sheet		$39,070,178.78

National Dairy Products Corporation

AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CAPITAL SURPLUS

For the Year Ending December 31, 1932

Capital surplus at December 31, 1931, per published report for that year		$16,818,981.38
Add:		
Net tangible assets attaching to minority stockholders' shares acquired during the year in excess of stated value or cost of company's common stock issued		62,567.14
Discount on preferred stocks of National Dairy Products Corporation purchased and retired		21,629.25
		$16,903,177.77
Deduct:		
Goodwill purchased written off	$ 222,307.63	
Adjustments from disposal of plants and equipment of subsidiary companies, as of dates of acquisition	1,579,621.90	
Other corrections of subsidiary companies' net assets, as of dates of acquisition	212,941.82	
Premium on preferred stocks of subsidiary companies purchased and retired	18,532.11	
Organization expenses incurred in purchase of subsidiary companies	17,435.74	
		2,050,839.20
Capital surplus at December 31, 1932, per balance sheet		$14,852,338.57